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Non-Availability of Foreign Exchange to Public Sector Undertakings

*728. SHRI SHRAVAN KUMAR PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether many Public Sector Undertakings like the State Trading Corporation, the Indian Oil Corporation and the Minerals and Metals Trading Corporation are unable to fulfil their contractual obligations on account of non-availability of foreign exchange as reported in the Indian Express dated July 1,1991;

(b) if so,the facts in this regard;

(c) the extent to which the devaluation of the rupee has helped them to overcome their difficulty due to foreign exchange crunch; and

(d) the other steps taken, if any, to enable them to overcome the foreign exchange crunch?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR):(a) and (b). No, Sir. All contractual obligations to bankers and suppliers in terms of foreign exchange are being met without default.

(c) The exchange rate adjustments have no direct relationship with the difficulties faced by public sector Undertakings due to foreign exchange crunch. However, to the extent such adjustments bring about overall improvement in balance of payments over time, the difficulties faced on account of inadequate availability of foreign exchange could be over.

(d) As Part of the strategy to meet the difficult balance of payments situation, Public Sector Undertaking were advised to review the requirement, draw-down inventories, stagger the placement of orders and take recourse to credit facilities as far as possible. Through this method, the contractual obligations are being restricted to manageable levels and fully met. The matter is continuously reviewed so that the management of balance of payments situation and foreign exchange reserves is coordinated with the contractual obligations from time to time.

With a view to improve the level of foreign exchange reserves the Government proposes to continue in short run, the import compression measures, accelerate the utilisation of already committed external aid and explore additional financing facilities including the use of IMF facilities.

In the medium term, the Government proposes to reduce the trade gap through more vigorous export promotion measures; augment "net invisibles" through increased receipts from services including tourism receipts; and increase capital flows consistent with our overall economic polices, measures to attract foreign direct investments and to encourage larger capital inflows from non-resident Indians have also been announced.

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Loans to Sugar Mills at Concessional Rates

*730. SHRI ANADI CHARAN DAS:
DR.KARTIKESWAR PATRA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Sugar Mills in private and co-operative sectors are entitled to loans at concessional rates from the public sector financial institutions;

(b) if so, the rate of interest charged from the Sugar Mills and the rate of penalty for non-repayments;

(c) when these rates were last revised;

(d) whether some Sugar Mills are reported to have withheld the payment to the public sector financial institutions;

(e) if so , the details thereof and the reasons therefor; and

(f) the action taken or proposed to be taken by the Government in the matter?

THE MINISTER OF IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) No, Sir.

(b) Does not arise.

(c) Rates were last revised in August, 1991.

(d) Yes, Sir.

(e) Details of defaults to financial institutions as on 31.3.1991 given below:

(Rs. in crores)

	Defaults		*Amount outstanding*
	No.	*Amount*	
IDBI	3O	11.64	48.94
IFCI	17	56.96	18.58
ICICI	106	20 .32	107.83
		37.92	175.35

Total number of companies will not add up due to a number of companies being common.

The reasons for default are un-economic operations including, inter-alia, non-availability of cane, high cane procurement prices, low recovery rates, lack of modernisation, management problems, delay in implementation, uneconomic installed capacity, etc.

(f) The financial institutions adopt a variety of measures for recovery of ovedues. These include mounting pressure on the concerned units as well as their guarantors (including state governments wherever involved) to fulfil their guarantee obligations, rescheduling of loans is also a greed to by the institutions in deserving case . In respect of certain non-viable units the institutions also go in for a one-time settlement. In exceptional cases, where all other measures fail,. the institutions recall their loans and final recovery suits.

Branch Expansion Programme of Banks in Orissa

*731. SHRI BRAJA KISHORE TRIPATHY: Will the Minister of FINANCE be pleased to state:

(a) the target fixed for Orissa under branch expansion programme of public sector banks during the Seventh Five Plan period;

(b) the number of licences issued by the Reserved Bank of India for rural branches and the branches actually opened during the above period; and